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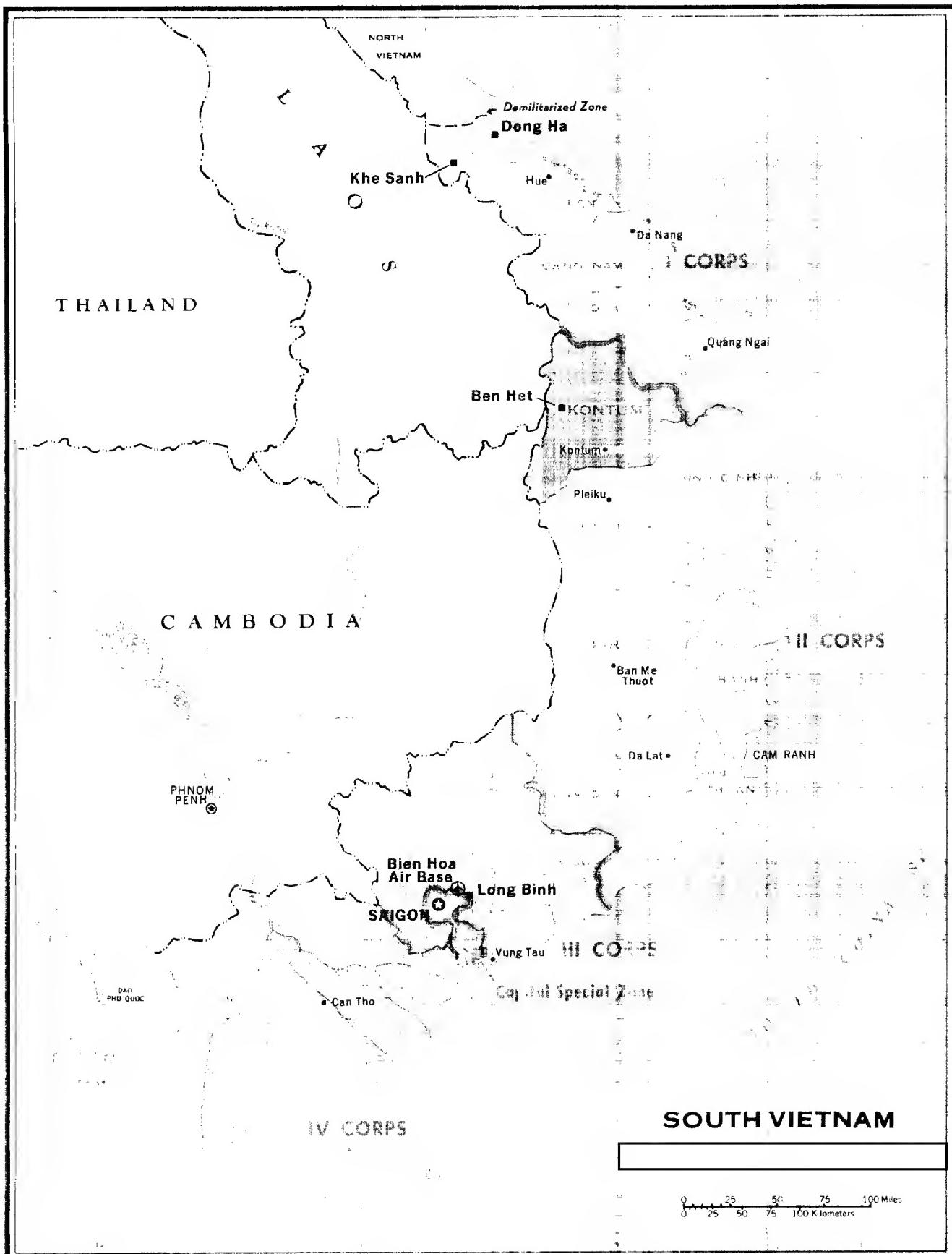
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[South Vietnam: Heavy fighting erupted in the Khe Sanh area when elements of the North Vietnamese Army (NVA) 304th Division launched two strong ground attacks coordinated with artillery and mortar fire.

The attacks spanned a 16-hour period on 28-29 May and were conducted by a battalion-size force against US Marine positions less than three miles southeast of the Khe Sanh base. The Communists lost 230 killed while US forces suffered 13 dead.

Ground contact continued north of the Dong Ha complex. A North Vietnamese prisoner has reported that the Communists are infiltrating battalion-size replacement groups across the Demilitarized Zone to the Dong Ha sector. Once there, the captive stated, the NVA 320th Division is sending these groups directly into battle as combat units.

There were more Communist mortar and rocket attacks against US positions in western Kontum Province on 29-30 May. An enemy force assaulted a US company in night defensive positions some five miles west of Ben Het on 30 May. The four-hour battle resulted in an estimated 30 Communists killed.

Enemy remnants may be attempting to withdraw from Saigon's outskirts. Ground contact has decreased, but Communist gunners launched light, harassing rocket attacks against the capital as well as nearby Bien Hoa Air Base and Long Binh.

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On the political front, President Thieu says he intends that his new minister of interior, General Tran Thien Khiem, will play a significant role in the cabinet, second only to Prime Minister Huong.

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Khiem's normal ministerial responsibilities, in addition to supervision of the civil security apparatus, give him jurisdiction over the province chiefs in their administrative capacity. His assertion of this responsibility with any force will make him a power in local affairs that will erode the influence of the military corps commanders.

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[France: Opposition leaders have labeled De Gaulle's latest initiative as a call to civil war and violent confrontations may ensue.

De Gaulle, by refusing to resign or to dismiss Premier Pompidou--and instead calling for new parliamentary elections--has dangerously polarized the political forces of the country. Francois Mitterrand, head of the Federation of the Left, expressed the dominant response of all opposition groups by proclaiming that the parties of the left were prepared to answer what he viewed as De Gaulle's "call to civil war."

Despite their initial negative reaction, the leadership of the left, which has played a moderating role throughout the crisis, would probably like to accept the option of attempting the peaceful road to power that De Gaulle has offered them by announcing new elections. Events of the past three weeks, however, indicate that leftist leaders have been swept along by the radical temper of the rank and file. It is highly questionable whether these leaders can reassert control at this point and rally their followers for a legal and electoral assault on the Gaullist regime at the ballot box. But unless this is done, the prospect is for more violence.

The government has resorted to the tactic of organizing counterdemonstrations, and the impressive turn-out of over 300,000 in yesterday's Paris march demonstrates that the government still has the support of a large segment of the French public. Students and workers are likely to continue to demonstrate, however, and the bloody clashes that might ensue between these groups and Gaullist supporters pose yet another problem of order for France's beleaguered police and internal security forces.

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[Czechoslovakia: Dubcek's speech at the opening of the central committee plenum apparently was an attempt to satisfy the party's liberals while mollifying the party's conservative wing and the Soviet Union.

Dubcek responded favorably to the major demand of the liberals by recommending that an extraordinary party congress be convened in September and that a new central committee be elected. The liberals doubtless were also pleased that former party leader Novotny, the most obvious member of the conservative faction, was ousted from the central committee. Novotny and six others, none of whom were on the central committee or are present-day cronies of Novotny, were also suspended from membership in the party until their roles in the political trials of the 1950s are clarified.

In a probable effort to forestall further intensification of the factional struggle, however, Dubcek again implicitly warned against witch hunts, rejecting attempts to discredit the party as a whole and to create an "atmosphere of hysteria." He once more appealed for party unity, and emphasized that preparations for the congress must be thorough.

Dubcek recommended that a commission be established to prepare an agenda for the congress, and personally recommended that eight basic matters be included. In discussing these eight points, Dubcek apparently was seeking to gain further popular support as well as to allay Soviet fears concerning developments in Czechoslovakia. He supported the establishment of worker groups in enterprises, rejected efforts to form an "opposition," praised the People's Militia and rejected efforts to weaken it, and promised to fulfill all international obligations in the "spirit of proletarian internationalism."]

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[Dubcek also attempted to mollify Moscow by emphasizing repeatedly that anti-Communist and anti-socialist tendencies had to be decisively and publicly exposed and their propagators "isolated." Dubcek reaffirmed that the party will carry out the "revival process" begun in January, but sought to demonstrate that this will strengthen rather than weaken Communism. In a statement clearly directed toward the conservatives and Moscow, Dubcek stressed that in accomplishing its goals the party must guarantee not to permit a return to conditions existing before January 1968 nor, particularly, to those existing prior to the Communist coup in February 1948.

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[Italy: The withdrawal of the Unified Socialist Party (PSU) from the government coalition poses problems for the formation of a successor government.

The directorate of the PSU on Wednesday issued a statement--subject to approval on 31 May by its central committee--that it did not believe "conditions exist at present for a coalition government with the Christian Democrats." The Socialists say the Christian Democrats would have to support far-reaching reforms before the PSU would consider rejoining the coalition.

The PSU believes its losses to the far left in the parliamentary elections on 19-20 May were caused by the party's failure, as part of the outgoing coalition, to make promised university and other reforms. The events in France have undoubtedly strengthened Socialist resolve to secure a more forward-looking image.

Some Socialist leaders have called for a one-party Christian Democratic government in order to test that party's "political will" to move ahead on reforms, perhaps during a transitional period until the PSU congress next fall. Several Christian Democratic leaders, however, have said they would not participate in a one-party government.

Without Socialist support, the Christian Democrats would have to ally themselves with either the Neo-Fascist or Communist parties in order to have a majority. Such a move would split the Christian Democratic Party itself. [redacted]

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India-Pakistan: Two weeks of talks between the two countries on the distribution of Ganges River waters flowing from India into East Pakistan have ended in almost total failure.

During the discussions, which concluded on 26 May, neither budged from its widely divergent estimate of water requirements by the early 1970s, when India is scheduled to complete the Farakka Barrage, a diversionary dam across the Ganges.

Further talks are possible, and earlier mutual offers of technical inspection tours of relevant projects in each country--tentatively set for June or July--remain open. The atmosphere of distrust that emerged during the recent sessions will make progress difficult, however. Indian officials rejected as premature Pakistani suggestions that talks be shifted to the political level or that the dispute be mediated. Some senior Indians say privately that mediation by the World Bank, which in 1960 resolved a similar dispute over the distribution of Indus waters in the India - West Pakistan border area, is unacceptable to New Delhi.

The failure of the discussions on eastern waters may hinder the resolution of other outstanding problems. Indian officials claim, for example, that the Pakistani foreign secretary told the Indian high commissioner in Rawalpindi that progress on issues such as the resumption of air services between the two countries will depend on progress in the water discussions. [redacted]

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NOTES

[Panama: Opposition leader Arnulfo Arias yesterday accepted his credentials as president-elect after the National Elections Board certified his victory by over 40,000 votes. Government candidate Samudio publicly rejected the board's action, but stated that he would contest it by legal means rather than force. Continued National Guard backing for Arias and expected defections from Samudio's ranks, however, are likely to undermine any initiatives by the government-controlled Electoral Tribunal to upset the results.]

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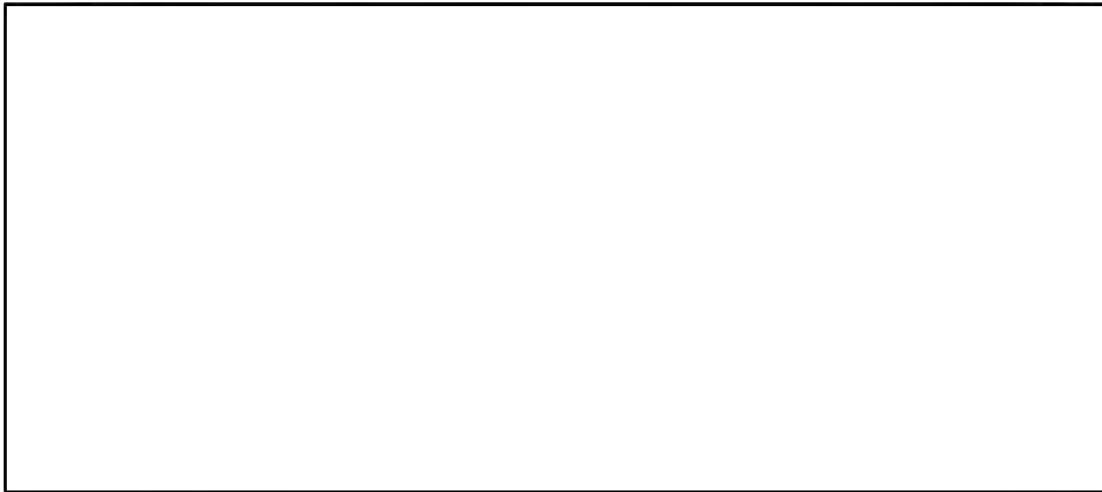
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Honduras: The collapse of discipline in the opposition Liberal Party has greatly weakened the two-party system in Honduras. Only two of the 25 Liberal deputies followed party orders to boycott the opening session of congress on 28 May. The other 23 either attended or indicated that they would take their seats within a few days.

Liberal leaders had hoped that by boycotting congressional and municipal posts they could force President Lopez to give them more voice in the government and perhaps dismiss their archenemy, Minister of the Presidency Ricardo Zuniga. Their inability to maintain party discipline, however, may well convince Lopez and the ruling Nationalists that moves toward conciliation of the Liberals are unnecessary.]

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Senegal: A general strike by the National Union of Senegalese Workers was scheduled to begin in Dakar early today. The strike is being called to support University of Dakar students who have been demonstrating against government educational policies. The union, which recently has been more active in opposing the government's failure to meet its demands, took the decision following the use of force against the students. The Senegalese Government has placed army units in key positions around Dakar but may not suppress the strike unless violence breaks out.

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South Africa: South Africa continues to seek a greater role in the naval defense of the southern hemisphere. The minister of defense recently announced that service-level consultations with other countries have led to recommendations for cooperation which presumably aim at giving South Africa larger responsibilities for defending the route around the Cape of Good Hope. The minister did not identify the other countries involved, but the US Embassy speculates they probably included Argentina and Portugal and possibly Australia and Brazil.

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Turkey: The tempo of the campaign for Senate and municipal elections on Sunday has picked up slightly, but the people generally remain apathetic and believe there have been too many elections in recent years. The ruling Justice Party is expected to get about 60 percent of the vote, the major opposition Republican Peoples Party about 30 percent, and the leftist Turkish Labor Party about five percent, a slight increase over 1965.

Prime Minister Demirel apparently plans a reshuffle of his cabinet following the elections, but one that would not lead to any basic shifts in Turkey's foreign or domestic policy. Instead, the changes would be designed primarily to improve the public image of the government by removing allegedly extreme rightists and religious reactionaries. Moderate Foreign Minister Caglayangil, the main architect of Turkey's expanding foreign relations, probably would retain his cabinet post.

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